

FIRST ANNUAL REPORT
OF THE
BOARD OF DIRECTORS
OF
**CANADIAN GOVERNMENT MERCHANT
MARINE, LIMITED**

FOR THE PERIOD ENDED DECEMBER 31, 1919



OTTAWA
THOMAS MULVEY
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1920

FIRST ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

FOR THE PERIOD ENDED DECEMBER 31, 1919



OTTAWA
THOMAS MURRAY
PRINTED TO THE KING'S MOST EXCELLENT MAJESTY
1920

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED.

BOARD OF DIRECTORS.

Mr. D. B. Hanna, Toronto, Ontario.
Mr. A. J. Mitchell, Toronto, Ontario.
Mr. E. R. Wood, Toronto, Ontario.
Mr. R. Hobson, Hamilton, Ontario.
Major G. A. Bell, C.M.G., Ottawa, Ontario.
Sir Hormisdas Laporte, Montreal, Quebec.
Mr. A. P. Barnhill, K.C., D.C.L., St. John, N.B.
Colonel Thos. Cantley, New Glasgow, N.S.

GENERAL OFFICERS.

Mr. D. B. Hanna, President, Toronto, Ontario.
Mr. A. J. Mitchell, Vice-President, Toronto, Ontario.
Mr. R. C. Vaughan, Assistant to President, Toronto, Ontario.
Mr. R. P. Ormsby, Secretary, Toronto, Ontario.
Mr. C. E. Friend, Comptroller, Toronto, Ontario.
Mr. H. G. Foreman, Assistant Treasurer, Toronto, Ontario.
Mr. R. B. Teakle, Manager, Montreal, Quebec.
Mr. Wm. Phillips, European Manager, London, England.
Mr. I. J. Tait, Superintending Engineer, Montreal, Quebec.
Mr. D. O. Wood, Traffic Mgr., Exp. and Imp. Dept., Toronto.
Mr. W. A. Cunningham, Exp. and Imp. Frt. Agent, Montreal.
Mr. Geo. Bunting, General Agent, Toronto, Ontario.
Mr. F. A. Young, General Agent, New York, N.Y.
Mr. B. C. Keeley, General Agent, Vancouver, B.C.

AUDITORS, Marwick, Mitchell & Co., Montreal.

Head Office, 1 Toronto street, Toronto, Ontario.
Operating Office, 230 St. James street, Montreal, Quebec.

10 GEORGE V, A. 1920

FIRST ANNUAL REPORT.

To the Shareholders of the Canadian Government Merchant Marine, Limited:

The directors submit herewith the First Annual Report of the Canadian Government Merchant Marine, Limited, for the year ending December 31, 1919.

INCEPTION.

Early in 1918 the Dominion Government, owing to the serious loss of world tonnage, realized the imperative need of Canada creating, owning and operating a strong merchant marine of her own. Accordingly orders were placed with shipbuilding firms throughout Canada for the construction of steel cargo vessels. The total tonnage contracted for amounts to 380,140 deadweight tons, of the following standard type vessels:—

Type	Tonnage	No. of vessels Contracted for
No. 1... ..	10,800	2
No. 2	8,300	25
No. 3.....	5,100	8
No. 4.....	4,500	8
No. 5.....	3,400-3,900.....	17
No. 6.....	2,800	3
		<hr/> 63

These vessels were intended primarily to co-operate with the British shipping in supplying the necessities of war, and in times of peace to provide the means of carrying abroad the products of Canada's farms, forests, mines and factories, without which Canada could not hope to take full advantage of the opportunity of expanding her export trade.

VESSELS DELIVERED.

There were delivered prior to 31st December nineteen of these vessels, particulars of which are shown on schedule "A" attached. The majority of the balance (see schedule "B") will be delivered during 1920.

TERMS OF TRANSFER.

An Order in Council passed March 16, 1920, provides for all of the vessels on completion being turned over to the Canadian Government Merchant Marine, Limited, for operation.

The arrangement is generally that each vessel on completion will be sold to a separate ship company bearing similar name to that of the vessel, such as "Canadian Voyageur Limited," etc. The Government to receive in payment therefor demand notes representing the cost price of the vessel bearing interest at $5\frac{1}{2}$ per cent per annum secured by mortgage on the vessel, and all of the issued capital stock of the said company. The stock of the separate company, known as the "owning" company, is in turn exchanged by the Government for an equal amount of stock of the Canadian Government Merchant Marine Limited, which is held by the Minister of Finance and Receiver-General of Canada—the stock of the "owning" companies being held by the Canadian Government Merchant Marine Limited.

SESSIONAL PAPER No. 161

RESULT OF OPERATIONS.

The result of operations for the first year ending 31st December, 1919, is as follows:—

CLOSED VOYAGES

Revenue from vessels.....	\$ 2,770,049 09
Other revenue.....	9,584 89
Total revenue.....	\$ 2,779,633 98
Expenses:—	
Operation of vessels.....	\$ 1,621,999 46
Operation of wharf.....	36,475 91
General expenses.....	64,391 23
	1,722,866 60
Operating profit.....	\$ 1,056,767 38

OPEN VOYAGES

Balance open voyage accounts.....	\$ 415,724 92
Complete statement of disbursements and operating expenses on account of these voyages has not been received, but it is estimated the result will show a net profit of approximately.....	350,000 00
	\$ 1,406,767 38

RATES.

During the year opportunities offered for taking advantage of some very profitable voyages, but as this would have taken the vessels out of the Canadian trade, it was considered more important to develop Canadian trade by keeping the vessels in service to and from Canada at a reasonable profit rather than to take advantage of higher rates and have some of the vessels trading between foreign ports.

It should also be borne in mind that the company's vessels were in service for a portion of the year only—the first voyage being made by the *Canadian Voyageur* in March, 1919. At this time the United States Shipping Board had become a factor in rate making, and the high ocean rates previously prevailing were considerably reduced. In view of this, the results shown may be considered as highly satisfactory.

TRADE ROUTES.

Regular sailings have been established during the past year to London, Liverpool and Glasgow; to South America calling at Pernambuco, Bahia, Rio de Janeiro and Buenos Ayres; and to the West Indies calling at Havana, Kingston, Trinidad, Barbadoes and Demerara, etc. Sailings have also been made to Bordeaux and Le Havre. In all 47 trips were made during 1919, as follows:—

To the West Indies.....	23
South America.....	3
United Kingdom from Atlantic ports.....	11
United Kingdom from Pacific ports via Panama canal.....	3
French ports.....	2
Newfoundland.....	5
	47

Of the total voyages only twenty-eight were completed in time for the accounts to be closed before December 31.

10 GEORGE V, A. 1920

Further trade routes are being established, including regular sailings to Australia and New Zealand, and additional services are in contemplation, which will be inaugurated as further vessels are delivered by the builders.

COMMODITIES.

The value which the Merchant Marine has been to the Canadian trade is best evidenced by the list of some of the commodities carried during the year, here shown:—

Exports—Wheat, flour, grain, hay, lumber, wood-pulp, pulp board, paper, dressed meats, canned goods, fish, groceries, confectionery, cement, rubber goods, hardware, furniture, automobiles, agricultural machinery, steel billets, steel ship plates, etc.

Imports:—Manufactured articles, sugar, seeds, dye-stuffs, rice, wool, hides, cotton goods, dry goods, tea, coffee, etc.

INSURANCE.

Under an insurance contract made by your directors, all vessels are fully covered by insurance at very favourable rates and covers.

ACCIDENTS.

The only serious difficulty encountered by your vessels was in the case of the *Canadian Recruit* and the *Canadian Spinner*. These vessels sailed from Montreal in clear weather on December 8, but after leaving Quebec met with very bad weather, and both vessels became entangled in ice-fields. The *Canadian Recruit* after having her steering gear torn away by the ice, got out of control and was stranded on Vache reef, at the mouth of the Saguenay, on December 20. The vessel is still lying there, and the amount of damage cannot be ascertained until the river is free from ice. Any loss is fully covered under our insurance contract.

The *Canadian Spinner* had a most perilous trip of three weeks down the river, constantly in danger from the ice. The Government icebreaker *Montcalm* which was sent to rescue her, succeeded after much difficulty in reaching the "*Spinner*" and escorted her safely into dock at Halifax on January 15, 1920, no serious damage having resulted.

CO-OPERATION WITH THE CANADIAN NATIONAL RAILWAYS.

The fleet of the Merchant Marine forms a most important ally to the National System of Railways, and enables the railway to obtain large through shipments of freight to Atlantic and Pacific ports which would be lost to the National System if it were not for the steamship connections of the Canadian Government Merchant Marine Limited.

PROSPECTS.

In view of the difficulties necessarily involved in establishing such a business, and the extraordinary expenses incurred in pioneering new routes, the result for the first year is considered satisfactory. Your directors look forward with confidence, notwithstanding increasing competition and decreasing rates, to a year of progress in 1920.

SESSIONAL PAPER No. 161

Having regard, however, to the fact that all of your company's vessels have been built since the war began, the cost of construction has been much higher than prevailed before hostilities, so that the interest, depreciation and insurance expenses on your vessels are much higher than obtains on those of your competitors whose fleets, even after taking into consideration their new tonnage, would not nearly equal per ton deadweight the cost of the fleet of the Canadian Government Marchant Marine, Limited. Your vessels will also be competing on some trades against vessels carrying foreign crews. It will be seen, therefore, that while a satisfactory business is being done and much new trade developed, large profits should not be looked for.

MANAGEMENT.

Your directors are pleased to be able to say that the management of your vessels is entirely in the hands of Canadians. All of the officers of the boats are British, and eighty per cent. of them Canadian.

The organization of the company has entrained heavy work on the part of the company's officers and staff. To them the board wish to express their thanks for the loyal and efficient services rendered throughout the year.

D. B. HANNA,
President.

10 GEORGE V, A. 1920

Operating Department.

BALANCE SHEET.

As at 31st December, 1919.

ASSETS

Current Assets—

Cash in banks and on hand.....	\$	432,476	39
Dominion of Canada—Victory Loan, 1919.....		500,000	00
Accounts receivable.....		505,155	18
Advances to captains, crews and agents.....		23,270	88
Insurance claims, estimated amount recoverable.....		24,893	35
Interest receivable accrued.....		4,583	33
Inventories of stores and supplies.....		1,959	71

\$ 1,489,338 84

Insurance unexpired..... 505,284 27

Fixed asset—

Office furniture.....	\$	7,611	10
Automobile.....		890	93

8,502 03

\$ 2,003,125 14

LIABILITIES.

Accounts payable.....	\$	530,632	84
Balances of uncompleted voyages.....		415,724	92
Surplus—Profit for period from 2nd March to 31st December, 1919.....		1,056,767	38
Contingent liabilities—None ascertained.....			

\$ 2,003,125 14

CERTIFICATE OF AUDITORS

We have audited the accounts of the Operating Department of the Canadian Government Merchant Marine, Limited, for the period from 2nd March to 31st December, 1919, and have obtained all the information and explanations which we have required.

We certify that the above balance sheet is properly drawn up so as to present a true and correct view of the state of the company's affairs as at 31st December, 1919, according to the best of our information and the explanations given to us, and as shown by the books of the company.

MARWICK, MITCHELL & CO.

MONTREAL, QUE., 30th April, 1920.

SESSIONAL PAPER No. 161

OPERATING ACCOUNT.

For the Period from 2nd March, 1919, to 31st December, 1919.

CLOSED VOYAGES

Revenue from vessels.....\$ 2,770,049 09

Other revenue—

Commission and agency fee on landing of S.S. *Juil*.....\$ 869 66

Interest.....8,715 23

9,584 89

Total revenue.....\$ 2,779,633 98

Expenses—

Operation of vessels.....\$ 1,621,999 46

Operation of wharf.....36,475 91

General expenses—

Office salaries.....\$ 41,013 44

Printing and stationery.....6,825 15

Advertising.....2,740 10

Cables, telegrams and telephones.....3,404 95

Miscellaneous.....9,612 78

Loss on exchange.....794 81

64,391 23

1,722,866 60

Operating profit closed voyages.....\$ 1,056,767 38

OPEN VOYAGES

Balance open voyages accounts.....\$ 415,724 92

Complete statement of disbursements, and operating expenses on account
of these voyages has not been received, but it is estimated the result
will show a net profit of approximately.....\$ 350,000 00

\$ 1,409,767 38

SCHEDULE "A"

VESSELS DELIVERED DURING 1919

Vessel	Approximate Deadweight Tonnage	Built By	Built at	Date Delivered
Canadian Voyager.....	4,575	Canadian Vickers, Ltd.	Montreal.....	January 21, 1919
Canadian Pioneer.....	8,390	Canadian Vickers, Ltd.	Montreal.....	April 22, 1919
Canadian Warrior.....	3,890	Collingwood, S. B. Co.	Collingwood.....	April 26, 1919
Canadian Ranger.....	8,390	Canadian Vickers, Ltd.	Montreal.....	May 22, 1919
Canadian Recruit.....	3,890	Collingwood S. B. Co.	Collingwood.....	June 7, 1919
Canadian Volunteer.....	4,575	Wallace Shipyards, Ltd.	Vancouver.....	June 19, 1919
Canadian Trader.....	3,400	Pt. Arthur S. B. Co., Ltd.	Pt. Arthur.....	July 17, 1919
Canadian Sailor.....	3,400	Pt. Arthur S. B. Co., Ltd.	Pt. Arthur.....	August 5, 1919
Canadian Trooper.....	4,575	Wallace Shipyards, Ltd.	Vancouver.....	August 6, 1919
Canadian Seigneur.....	8,390	Canadian Vickers, Ltd.	Montreal.....	August 14, 1919
Canadian Signaller.....	3,890	Collingwood S. B. Co.	Collingwood.....	August 30, 1919
Canadian Miller.....	8,390	Canadian Vickers, Ltd.	Montreal.....	September 24, 1919
Canadian Adventurer.....	3,400	Pt. Arthur S. B. Co., Ltd.	Pt. Arthur.....	October 29, 1919
Canadian Gunner.....	3,890	Collingwood S. B. Co.	Collingwood.....	November 5, 1919
Canadian Aviator.....	5,100	Wallace Shipyards, Ltd.	Vancouver.....	November 15, 1919
Canadian Sower.....	3,400	Pt. Arthur S. B. Co., Ltd.	Pt. Arthur.....	November 17, 1919
Canadian Navigator.....	4,575	Canadian Vickers, Ltd.	Montreal.....	November 22, 1919
Canadian Settler.....	5,100	Tidewater S. B., Co.	Three Rivers.....	December 1, 1919
Canadian Spinner.....	8,390	Canadian Vickers, Ltd.	Montreal.....	December 1, 1919
				99,610
Total deadweight tonnage delivered.....				99,610
Total deadweight tonnage under construction.....				280,530
				380,140

SESSIONAL PAPER No. 161

SCHEDULE " B "

VESSELS UNDER CONSTRUCTION

Vessel	Approximate Deadweight Tonnage	Builder	Place
Canadian Raider.....	5,100	Wallace Shipyards, Ltd.....	Vancouver
Canadian Importer.....	8,390	J. Coughlan & Sons.....	Vancouver
Canadian Exporter.....	8,390	J. Coughlan & Sons.....	Vancouver
Canadian Trapper.....	5,100	Davie S. B. Co.....	Levis, P.Q.
Canadian Rancher.....	5,100	Tidewater S. B. Co.....	Three Rivers
Canadian Planter.....	8,390	Canadian Vickers, Ltd.....	Montreal
Canadian Sealer.....	2,800	N. S. Steel & Coal Co.....	New Glasgow
Canadian Inventor.....	8,390	J. Coughlan & Sons.....	Vancouver
Canadian Prospector.....	8,390	J. Coughlan & Sons.....	Vancouver
Canadian Beaver.....	3,890	Collingwood S. B. Co.....	Collingwood
Canadian Miner.....	2,800	N.S. Steel & Coal Co.....	New Glasgow
Canadian Hunter.....	5,100	Davie S. B. Co.....	Levis, P.Q.
Canadian Farmer.....	3,890	Collingwood S. B. Co.....	Collingwood
Canadian Winner.....	8,390	Harbour Marine Co.....	Victoria
Canadian Fisher.....	5,100	Tidewater S. B. Co.....	Three Rivers
Canadian Victor.....	8,390	Canadian Vickers, Ltd.....	Montreal
Canadian Forester.....	5,100	Tidewater S. B. Co.....	Three Rivers
Canadian Traveller.....	8,390	Harbour Marine Co.....	Victoria
Canadian Otter.....	4,575	Br. American S. B. Co.....	Welland
Canadian Conqueror.....	8,390	Canadian Vickers, Ltd.....	Montreal
Canadian Runner.....	4,375	Pt. Arthur S. B. Co.....	Pt. Arthur
Canadian Carrier.....	4,375	Pt. Arthur S. B. Co.....	Pt. Arthur
Canadian Squatter.....	4,575	Br. American S. B. Co.....	Welland
Canadian Mariner.....	8,390	Halifax Shipyards.....	Halifax
Canadian Observer.....	3,890	Collingwood S. B. Co.....	Collingwood
Canadian Explorer.....	8,390	Halifax Shipyards.....	Halifax
Canadian Pathfinder.....	3,500	Dominion S. B. Co.....	Toronto
Canadian Engineer.....	3,500	Dominion S. B. Co.....	Toronto
Canadian Reaper.....	8,390	Pr. Rupert Dry Dock Co.....	Prince Rupert
Canadian Thrasher.....	8,390	Pr. Rupert Dry Dock Co.....	Prince Rupert
Canadian Commander.....	8,390	Canadian Vickers, Ltd.....	Montreal
Canadian Leader.....	8,390	Canadian Vickers, Ltd.....	Montreal
Canadian Racer.....	3,890	Midland S. B. Co.....	Midland
Canadian Highlander.....	8,390	Wallance Shipyards, Ltd.....	Vancouver
Canadian Skirmisher.....	8,390	Wallace Shipyards, Ltd.....	Vancouver
Canadian Rover.....	3,890	Collingwood S. B. Co.....	Collingwood
Canadian Coaster.....	3,890	Collingwood S. B. Co.....	Kingston
Canadian	3,890	N. S. Steel & Coal Co.....	New Glasgow
Canadian Challenger.....	8,390	Davie S. B. Co.....	Levis P.Q.
		Pt. Arthur S. B. Co.....	Pt. Arthur
Canadian Constructor.....	10,800	Halifax Shipyards.....	Halifax
Canadian Cruiser.....	10,800	Halifax Shipyards.....	Halifax
Canadian Transporter.....	8,390	J. Coughlan & Sons.....	Vancouver
Canadian Freighter.....	8,390	J. Coughlan & Sons.....	Vancouver

280,530

Total deadweight tonnage under construction.....	280,530
Total deadweight tonnage delivered 1919.....	99,610
	<hr/> 380,140

RECEIPT

FOR THE SUM OF

Date	Particulars	Amount	Paid to	By
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000

For the sum of ...

...